

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re Earth Fare, Inc., et al.
Debtors

Case No. 20-10256
Reporting Period: 03/01/20-03/31/20

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	X		
Schedule of Professional Fees Paid	MOR-1b	X		
Copies of bank statements				
Cash disbursements journals				
Statement of Operations	MOR-2	X		
Balance Sheet	MOR-3	X		
Status of Postpetition Taxes	MOR-4	X		
Copies of IRS Form 6123 or payment receipt				
Copies of tax returns filed during reporting period				
Summary of Unpaid Postpetition Debts	MOR-4	X		
Listing of aged accounts payable	MOR-4	X		
Accounts Receivable Reconciliation and Aging	MOR-5	X		
Debtor Questionnaire	MOR-5	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

/s/ Mindy Harvey
Signature of Authorized Individual*

4/20/2020
Date

Mindy Harvey
Printed Name of Authorized Individual

Chief Financial Officer
Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re Earth Fare, Inc., et al.
Debtors

Case No. 20-10256

Reporting Period: 03/01/20-03/31/20

MONTHLY OPERATING REPORT

NOTES

On February 4, 2020 (the "**Petition Date**"), Earth Fare, Inc. and EF Investment Holdings, Inc. (together, the "**Debtors**") each filed a voluntary petition with the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**"). The Debtors' bankruptcy filings are jointly administered under Case No. 20-10256.

The accompanying schedules MOR-1 through MOR-5 are unaudited, preliminary, and may not comply with generally accepted accounting principles in the United States of America ("**U.S. GAAP**") in all material respects. In addition, the financial statements and the supplemental information contained herein represent the financial information on a consolidated basis of the Debtors.

The Monthly Operating Report is limited in scope, covers a limited time period, and has been prepared solely for the purpose of complying with the monthly reporting requirements of the Bankruptcy Court and the United States Trustee. The unaudited financial statements have been derived from the books and records of the Debtors. The information presented herein has not been subjected to all procedures that would typically be applied to financial information presented in accordance with U.S. GAAP. Upon the application of such procedures, the financial information could be subject to changes, and these changes could be material. The information furnished in this Monthly Operating Report includes normal recurring adjustments, but does not include all of the adjustments that would typically be made for interim financial statements in accordance with U.S. GAAP.

Given the complexity of the Debtors' business, inadvertent errors, omissions or over inclusions may have occurred. Accordingly, the Debtors hereby reserve all of their rights to dispute the validity, status, enforceability, or executory nature of any claim amount, representation or other statement in this Monthly Operating Report and reserve the right to amend or supplement this Monthly Operating Report, if necessary, but shall be under no obligation to do so.

In re Earth Fare, Inc., et al.
Debtors

Case No. 20-10256
Reporting Period: 03/01/20-03/31/20

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Amounts reported should be per the debtor's books, not the bank statement. The beginning cash should be the ending cash from the prior month or, if this is the first report, the amount should be the balance on the date the petition was filed. The amounts reported in the "CURRENT MONTH - ACTUAL" column must equal the sum of the four bank account columns. The amounts reported in the "PROJECTED" columns should be taken from the SMALL BUSINESS INITIAL REPORT (FORM IR-1). Attach copies of the bank statements and the cash disbursements journal. The total disbursements listed in the disbursements journal must equal the total disbursements reported on this page. A bank reconciliation must be attached for each account. [See MOR-1 (CON'T)]

	BANK ACCOUNTS				CURRENT MONTH		CUMULATIVE FILING TO DATE	
	OPER.	PAYROLL	TAX	OTHER	ACTUAL	PROJECTED	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	36,851,580			499,504				
RECEIPTS								
CASH SALES	-							
ACCOUNTS RECEIVABLE	127,941							
LOANS AND ADVANCES	-							
SALE OF ASSETS	6,708,933							
OTHER (ATTACH LIST)	-							
TRANSFERS (FROM DIP ACCTS)	-							
TOTAL RECEIPTS	6,836,874							
DISBURSEMENTS								
NET PAYROLL	2,271,973							
PAYROLL TAXES	969,199							
SALES, USE, & OTHER TAXES	1,209,170							
INVENTORY PURCHASES	-							
SECURED/ RENTAL/ LEASES	1,872,096							
INSURANCE	128,585							
ADMINISTRATIVE	2,734,599			533				
SELLING	189,243							
OTHER (ATTACH LIST)	9,004,197							
OWNER DRAW *	-							
TRANSFERS (TO DIP ACCTS)	-							
PROFESSIONAL FEES	1,841,815							
U.S. TRUSTEE QUARTERLY FEES	-							
COURT COSTS	-							
TOTAL DISBURSEMENTS	20,220,877							
NET CASH FLOW	(13,384,003)							
(RECEIPTS LESS DISBURSEMENTS)								
CASH - END OF MONTH	23,467,577			498,971				
				23,966,548				

* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)

TOTAL DISBURSEMENTS	20,220,877
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	0
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	0
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	20,220,877

SCHEDULE OF OTHER FEES AND EXPENSES PAID

Payee	Period Covered	Amount Approved	Payor	Check	Amount Paid		Year-To-Date
				Number	Fees	Expenses	Expenses
Debtor Professional Fees Escrow & Committee Professional Fees Escrow				wire	841,000.00		
Director Fee	03/01/20-03/31/20			wire	25,000.00		
Hilco/Gordon Brothers	02/03/20-02/07/20			wire	4,226.89		
Hilco/Gordon Brothers	02/17/20-02/21/20			wire	356,180.83		
Hilco/Gordon Brothers	02/17/20-02/21/20			wire	14,598.51		
Hilco/Gordon Brothers	02/24/20-02/28/20			wire	99,013.54		
Hilco/Gordon Brothers	02/24/20-02/28/20			wire	172,726.75		
Hilco/Gordon Brothers	Legal Fees			wire	15,000.00		
Hilco/Gordon Brothers	03/02/20-03/06/20			wire	237,203.62		
Hilco/Gordon Brothers	03/02/20-03/06/20			wire	76,864.44		
					1,841,814.58		

[illegible]

In re Earth Fare, Inc., et al.
Debtors

Case No. 20-10256

Reporting Period: 03/01/20-03/31/20

STATEMENT OF OPERATIONS
(Income Statement)

The Statement of Operations is to be prepared on an accrual basis. The accrual basis of accounting recognizes revenue when it is realized and expenses when they are incurred, regardless of when cash is actually received or paid.

REVENUES	Month	Cumulative Filing to Date
Gross Revenues	-	34,330,432
Less: Returns and Allowances	-	-
Net Revenue	-	34,330,432
COST OF GOODS SOLD		-
Beginning Inventory	-	31,432,692
Add: Purchases	-	140,003
Add: Cost of Labor	-	-
Add: Other Costs (attach schedule)	-	-
Less: Ending Inventory	-	-
Cost of Goods Sold	-	31,572,695
Gross Profit	-	2,757,737
OPERATING EXPENSES		-
Advertising	-	76,006
Auto and Truck Expense	-	-
Bad Debts	-	-
Contributions	-	-
Employee Benefits Programs	466,421	1,065,551
Insider Compensation*	158,936	317,872
Insurance	128,585	394,546
Management Fees/Bonuses	-	-
Office Expense	153,567	153,567
Pension & Profit-Sharing Plans	-	-
Repairs and Maintenance	-	3,883
Rent and Lease Expense	1,872,096	1,872,096
Salaries/Commissions/Fees	2,113,037	5,342,340
Supplies	8,916	57,041
Taxes - Payroll	231,954	498,917
Taxes - Real Estate	-	24,124
Taxes - Other	-	-
Travel and Entertainment	16,929	30,700
Utilities	672,639	1,022,080
Other (attach schedule)	189,243	754,473
Total Operating Expenses Before Depreciation	6,012,323	11,613,196
Depreciation/Depletion/Amortization	-	-
Net Profit (Loss) Before Other Income & Expenses	(6,012,323)	(8,855,459)
OTHER INCOME AND EXPENSES		-
Other Income (attach schedule)	6,708,933	6,839,134
Interest Expense	-	-
Other Expense (attach schedule)	-	-
Net Profit (Loss) Before Reorganization Items	696,611	(2,016,324)
REORGANIZATION ITEMS		-
Professional Fees	1,841,815	3,576,948
U. S. Trustee Quarterly Fees	-	-
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)	-	-

Gain (Loss) from Sale of Equipment	-	-
Other Reorganization Expenses (attach schedule)		-
Total Reorganization Expenses	1,841,815	3,576,948
Income Taxes	-	-
Net Profit (Loss)	(1,145,204)	(5,593,272)

*"Insider" is defined in 11 U.S.C. Section 101(31).

In re Earth Fare, Inc., et al.
Debtors

Case No. 20-10256

Reporting Period: 03/01/20-03/31/20

STATEMENT OF OPERATIONS - continuation sheet

BREAKDOWN OF "OTHER" CATEGORY	Month	Cumulative Filing to Date
Other Costs		
PACA PASA CLAIMS	9,004,197	
Other Operational Expenses		
Other Income		
Sale of Minor Fixtures in Stores during Inventory Liquidation	-	56,813
Sale of Supplies in Stores during Inventory Liquidation	-	73,388
Sale of Fixtures and Equipments, managed by Hilco/Gordon Brothers	3,051,990	3,051,990
Sale of Fixtures and Equipment to Landlords	230,000	230,000
Sale of Leases	3,126,943	3,126,943
Sale of Brand Name & IP	300,000	300,000
Other Expenses		
Credit Card Fees (on Sales Transactions)	189,243	754,473
Other Reorganization Expenses		

Reorganization Items - Interest Earned on Accumulated Cash from Chapter 11:

Interest earned on cash accumulated during the chapter 11 case, which would not have been earned but for the bankruptcy proceeding, should be reported as a reorganization item.

In re Earth Fare, Inc., et al.

Debtors

Case No. 20-10256

Reporting Period:

03/01/20-03/31/20

BALANCE SHEET

The Balance Sheet is to be completed on an accrual basis only. Pre-petition liabilities must be classified separately from postpetition obligations.

ASSETS	BOOK VALUE AT END OF CURRENT MONTH	BOOK VALUE ON PETITION DATE
CURRENT ASSETS		
Unrestricted Cash and Equivalents	23,966,548	11,405,448
Restricted Cash and Cash Equivalents (see continuation sheet)	-	-
Accounts Receivable (Net)	1,995,322	2,197,913
Notes Receivable	-	-
Inventories	-	31,432,692
Prepaid Expenses	2,039,533	2,056,393
Professional Retainers	-	-
Other Current Assets (attach schedule)	-	-
TOTAL CURRENT ASSETS	28,001,403	47,092,446
PROPERTY AND EQUIPMENT		
Real Property and Improvements	-	-
Machinery and Equipment	94,736,712	94,736,712
Furniture, Fixtures and Office Equipment	58,152,471	58,152,471
Leasehold Improvements	71,904,290	77,881,545
Vehicles	-	328,624
Less Accumulated Depreciation	(132,334,615)	(132,334,615)
TOTAL PROPERTY & EQUIPMENT	92,458,858	98,764,736
OTHER ASSETS		
Loans to Insiders*	-	-
Other Assets (attach schedule) **	42,720,128	42,527,305
TOTAL OTHER ASSETS	42,720,128	42,527,305
TOTAL ASSETS	163,180,389	188,384,488

LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT MONTH	BOOK VALUE ON PETITION DATE
LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)		
Accounts Payable	-	-
Taxes Payable (refer to FORM MOR-4)	1,832,780	2,348,950
Wages Payable	474,232	1,628,368
Notes Payable	-	-
Rent / Leases - Building/Equipment	2,082,368	2,300,000
Secured Debt / Adequate Protection Payments	-	-
Professional Fees	-	-
Amounts Due to Insiders*	-	-
Other Postpetition Liabilities (attach schedule)	-	-
TOTAL POSTPETITION LIABILITIES	4,389,380	6,277,318
LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)		
Secured Debt	60,250,000	60,250,000
Priority Debt	14,800,000	14,800,000
Unsecured Debt	97,848,906	115,571,794
TOTAL PRE-PETITION LIABILITIES	172,898,906	190,621,794
TOTAL LIABILITIES	177,288,285	196,899,112
OWNER EQUITY		
Capital Stock	46,000,000	46,000,000
Additional Paid-In Capital	68,465,270	68,465,270
Partners' Capital Account	-	-
Owner's Equity Account	-	-
Retained Earnings - Pre-Petition	(122,979,894)	(122,979,894)
Retained Earnings - Postpetition	(5,593,272)	-
Adjustments to Owner Equity (attach schedule)	-	-
Postpetition Contributions (Distributions) (Draws) (attach schedule)	-	-

<i>NET OWNER EQUITY</i>	(14,107,896)	(8,514,624)
TOTAL LIABILITIES AND OWNERS' EQUITY	163,180,389	188,384,488
	-	(0)

*"Insider" is defined in 11 U.S.C. Section 101(31).

** Certain "Other Assets" are listed at historical estimates and are used solely for accounting purposes.

In re Earth Fare, Inc., et al.
Debtor

Case No. 20-10256
Reporting Period: 03/01/20-03/31/20

BALANCE SHEET - continuation sheet

ASSETS		BOOK VALUE AT END OF CURRENT MONTH	BOOK VALUE ON PETITION DATE
Other Current Assets			
Other Assets			
	Prepaid Expense - Non Current	435,485	435,485
	Deposits	815,752	622,352
*	Goodwill	25,779,218	25,779,218
*	Non Amortizable Intangible - Brand Name	15,200,000	15,200,000
*	UPC Registration	10,842	10,842
*	Brand Mark	79,886	79,886
*	Loan Fees	1,229,251	1,229,251
*	Alcohol Licenses	191,921	191,921
*	Deferred Leasing Costs	390,709	391,286
*	Accumulated Amortization	(1,412,935)	(1,412,935)
*	Intangible Assets - Net	42,720,128	41,469,469
LIABILITIES AND OWNER EQUITY		BOOK VALUE AT END OF CURRENT MONTH	BOOK VALUE ON PETITION DATE
Other Postpetition Liabilities			
Adjustments to Owner Equity			
Postpetition Contributions (Distributions) (Draws)			

Restricted Cash is cash that is restricted for a specific use and not available to fund operations. Typically, restricted cash is segregated into a separate account, such as an escrow account.

* These "Other Assets" are listed at historical estimates and are used solely for accounting purposes.

In re Earth Fare, Inc., et al.
Debtors

Reporting Period: Case No. 20-10256
03/01/20-03/31/20

STATUS OF POSTPETITION TAXES

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.
Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.
Attach photocopies of any tax returns filed during the reporting period.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
Federal						
Withholding	-		289,858	03/10/20; 03/24/20	EFT or Wire	0
FICA-Employee	-		223,220	03/10/20; 03/24/20	EFT or Wire	0
FICA-Employer	-		223,231	03/10/20; 03/24/20	EFT or Wire	0
Unemployment	-		5,209	03/10/20; 03/24/20	EFT or Wire	0
Income	-		-	-	-	0
Other:	-		-	-	-	0
Total Federal Taxes	-		741,517	-	-	0
State and Local						
Withholding	-		73,883	03/10/20; 03/24/20	EFT or Wire	0
Sales	1,235,174		1,209,170	03/15/20 - 03/20/20	EFT or Wire	9,850
Excise	-		-	-	-	0
Unemployment	-		3,514	03/10/20; 03/24/20	EFT or Wire	0
Real Property	462,472		-	various	-	462,472
Personal Property	1,360,458		-	various	-	1,360,458
Other:	-		-	-	-	0
Total State and Local	3,058,105		-	-	-	1,832,780
Total Taxes	3,058,105		-	-	-	1,832,780

SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over 90	
Accounts Payable						-
Wages Payable	-					-
Taxes Payable						-
Rent/Leases-Building		-	2,082,368			2,082,368
Rent/Leases-Equipment						-
Secured Debt/Adequate Protection Payments						-
Professional Fees						-
Amounts Due to Insiders*						-
Other:						-
Other:						-
Total Postpetition Debts	-	-	2,082,368	-	-	2,082,368

Explain how and when the Debtor intends to pay any past-due postpetition debts.

Except to the extent waived pursuant to any applicable lease termination agreement, the Debtors will pay postpetition rent in accordance with the provisions of 11 U.S.C. § 365.

*"Insider" is defined in 11 U.S.C. Section 101(31).

In re Earth Fare, Inc., et al.
Debtors

Case No. 20-10256
Reporting Period: 03/01/20-03/31/20

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Accounts Receivable Reconciliation		Amount
Total Accounts Receivable at the beginning of the reporting period		2,123,263
+ Amounts billed during the period		-
- Amounts collected during the period		127,941
Total Accounts Receivable at the end of the reporting period		1,995,322
Accounts Receivable Aging		Amount
0 - 30 days old		-
31 - 60 days old		1,093,940
61 - 90 days old		657,073
91+ days old		1,879,462
Total Accounts Receivable		3,630,475
Amount considered uncollectible (Bad Debt)		(1,635,153)
Accounts Receivable (Net)		1,995,322

DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below. *	X	
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.		X

*The Debtors sold certain of their assets pursuant to various orders issued by the Bankruptcy Court [Docket Nos. 122, 302, 303, 304, 305, & 314].